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KARL MORELL

224069



November 26, 2008

BY HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S.W.
Washington DC 20423-0001

ENTERED
Office of Proceedings

NOV 26 2008

Part of
Public Record

Re STB Docket No. 35204, Watco Companies, Inc. -- Continuance in Control Exemption -- Alabama Warrior Railway, L.L.C.

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check covering the \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of Exemption and return it with our messenger.

If you have any questions, please call me.

Sincerely,

Karl Morell

FEE RECEIVED

NOV 26 2008

**SURFACE
TRANSPORTATION BOARD**
Enclosures

FILED

NOV 26 2008

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35204

WATCO COMPANIES, INC.
--CONTINUANCE IN CONTROL EXEMPTION--
ALABAMA WARRIOR RAILWAY, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R § 1180.2(d)(2)



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Office of Proceedings

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**SURFACE
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**SURFACE
TRANSPORTATION BOARD**

KARL MORELI,
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N W
Washington, D C 20005
(202) 638-3307

Attorney for
WATCO COMPANIES, INC

Dated November 26 2008

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO 35204

WATCO COMPANIES, INC
--CONTINUANCE IN CONTROL EXEMPTION--
ALABAMA WARRIOR RAILWAY, L.L.C

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Companies, Inc ("Watco") files this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of Alabama Warrior Railroad, L.L.C ("AWR"), a non-carrier, upon AWR becoming a Class III railroad. In support of this Notice of Exemption, Watco submits the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction.
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed

Watco, a non-carrier, is a Kansas corporation which currently controls, indirectly, nineteen (19) Class III railroads operating in 16 States.¹ Watco also owns 100 percent of the issued and outstanding stock of AWR, a Kansas limited liability company and a non-

¹ In STB Finance Docket No 35188, Watco Companies – Continuance In Control Exemption – *Grand Elk Railroad, LLC* (not printed), Decision and Order served November 17, 2008, Watco has filed to control Grand Elk Railroad, L.L.C ("GER"), upon GER becoming a rail carrier. The transaction in this proceeding is expected to be consummated before the transaction in STB Finance Docket No 35188.

carrier that was formed for the purpose of operating certain rail lines in Birmingham, Alabama owned by Sloss Industries Corporation ("Sloss") and Jefferson Warrior Railroad Company, Inc. ("JWR")² Concurrently with the filing of this Notice of Exemption, AWR is filing a Notice of Exemption in STB Finance Docket No 35203, *Alabama Warrior Railway, L L C – Operation Exemption – Sloss Industries Corporation and Jefferson Warrior Railroad Company, Inc.*, under 49 C F R § 1150.31, to operate the Sloss and JWR rail lines Upon consummation of the transaction in STB Finance Docket No 35203, AWR will become a Class III rail carrier

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Company ("SKO"), Palouse River & Coulee City Railroad, Inc ("PRCC"), the Timber Rock Railroad, Inc ("TIBR"), the Stillwater Central Railroad, Inc ("SLWC"), the Eastern Idaho Railroad, Inc ("EIRR"), Kansas & Oklahoma Railroad, Inc. ("K&O"), the Pennsylvania Southwestern Railroad, Inc. ("PSWR"), the Great Northwest Railroad, Inc ("GNR"), the Kaw River Railroad, Inc ("KRR"), the Mission Mountain Railroad, Inc ("MMT"), the Mississippi Southern Railroad, Inc. ("MSRR"), the Yellowstone Valley Railroad, Inc ("YVRR"), the Louisiana Southern Railroad, Inc ("LSRR"), the Arkansas Southern Railroad, Inc. ("ARSR"), the Alabama Southern Railroad, Inc. ("ABS"), the Vicksburg Southern Railroad, Inc. ("VSOR"), the Austin Western Railroad, Inc ("AWRR"), the Baton Rouge Southern Railroad, LLC ("BRSR") and the Pacific Sun Railroad, L.L C ("PSRR") SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR are Class III carriers which operate rail lines in 16 States GER will become a Class III.

² Sloss and JWR are affiliated companies.

The rail lines operated by SKO, PRCC, FIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR do not connect with the rail lines that will be operated by AWR. The rail lines that will be operated by GER also will not connect with the rail lines that will be operated by AWR. The rail lines that will be operated by AWR are located in Birmingham, Alabama. The only Watco railroad that operates over lines in Alabama is ABS and its lines extend west from Brookwood, AL.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines that will be operated by AWR with any railroad in the Watco corporate family. Finally, neither ABS, GER nor any of the carriers controlled by Watco are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and exempt from prior approval by the Surface Transportation Board ("Board").

The name and business address of Applicants are as follows:

Watco Companies, Inc
315 W. 3rd Street
Pittsburg, KS 66762

Austin Western Railroad, Inc
10801 North MoPac Expressway
Building 1, Suite 130
Austin, TX 78759

Vicksburg Southern Railroad, Inc
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, Inc
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, Inc
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, Inc
315 W 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, Inc.
315 W 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, Inc
315 W 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, Inc
315 W 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad Company
123 N Depot
Cherryvale, KS 67335

Palouse River & Coulec City Railroad, Inc
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, Inc
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, Inc
123 N Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, Inc
618 Shoshone St West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, Inc
1825 W Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, Inc
1200 Midland Avenue
Midland, PA 15059

Great Northwest Railroad, Inc.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, Inc
315 W 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, L.L.C
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L L C
315 W 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, L L C.
315 W 3rd Street
Pittsburg, KS 66762

AWR Railroad, L L.C
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:

Karl Morell
Of Counsel
Ball Janik LLP
1455 F Street, N.W
Suite 225
Washington, D C 20005
(202) 638-3307

(ii) The proposed time schedule for consummation of the proposed transaction

Watco intends to consummate this transaction on or shortly after the effective date
of this Notice

(iii) The purpose sought to be accomplished by the proposed transaction

Watco intends to reduce overhead expenses, coordinate billing, maintenance,
mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby

improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated

SKO's lines are located in Missouri, Kansas and Oklahoma

EIRR's lines are located in Idaho

PRCC's lines are located in Washington, Oregon and Idaho

TIBR's lines are located in Texas and Louisiana

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri

MMT's lines are located in Montana

MSRR's line is located in Mississippi

YVRR's lines are located in Montana and North Dakota

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas

ABS's lines are located in Mississippi and Alabama.

VSOR's rail lines are located in Mississippi

AWRR's rail lines are located in Texas

BRSR's rail lines are located in Louisiana

PSRR's rail lines are located in California

GER's rail lines will be located in Indiana and Michigan

AWR's rail lines will be located in Alabama.

(6) Map

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR and the rail lines to be operated by GER and AWR are attached as Exhibit 1

(7)(ii) Agreement

Watco will not enter into any agreement, or sign any written instrument, to continue in control of AWR

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR and PSRR are Class III carriers and because GER and AWR will become a Class III rail carrier, no labor protection may be imposed on this transaction pursuant to 49 U.S.C § 11326(c).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco will continue to control AWR for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C F R § 1105.8(b)(1).

Watco's continuance in control of AWR will not result in significant changes in carrier operations. There will not be a diversion of (1) more than 1,000 rail carloads a year to motor carriage, or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines, (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of

the average daily traffic or 50 vehicles a day This transaction will not affect a Class I or nonattainment area under the Clean Air Act In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded Finally, this transaction does not contemplate the transportation of any ozone depleting materials Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2)

This action will not significantly affect either the quality of the human environment or energy conservation

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", is written over a horizontal line.

KARL MORELL
Of Counsel
BALL JANIK LLP
1455 F Street, N W
Suite 225
Washington, D C. 20005
(202) 638-3307

Attorney for
WATCO COMPANIES, INC

Dated: November 26, 2008

VERIFICATION

STATE OF KANSAS

)

)

ss

COUNTY OF CRAWFORD

)

I, Arthur E McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Companies, Inc , that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief

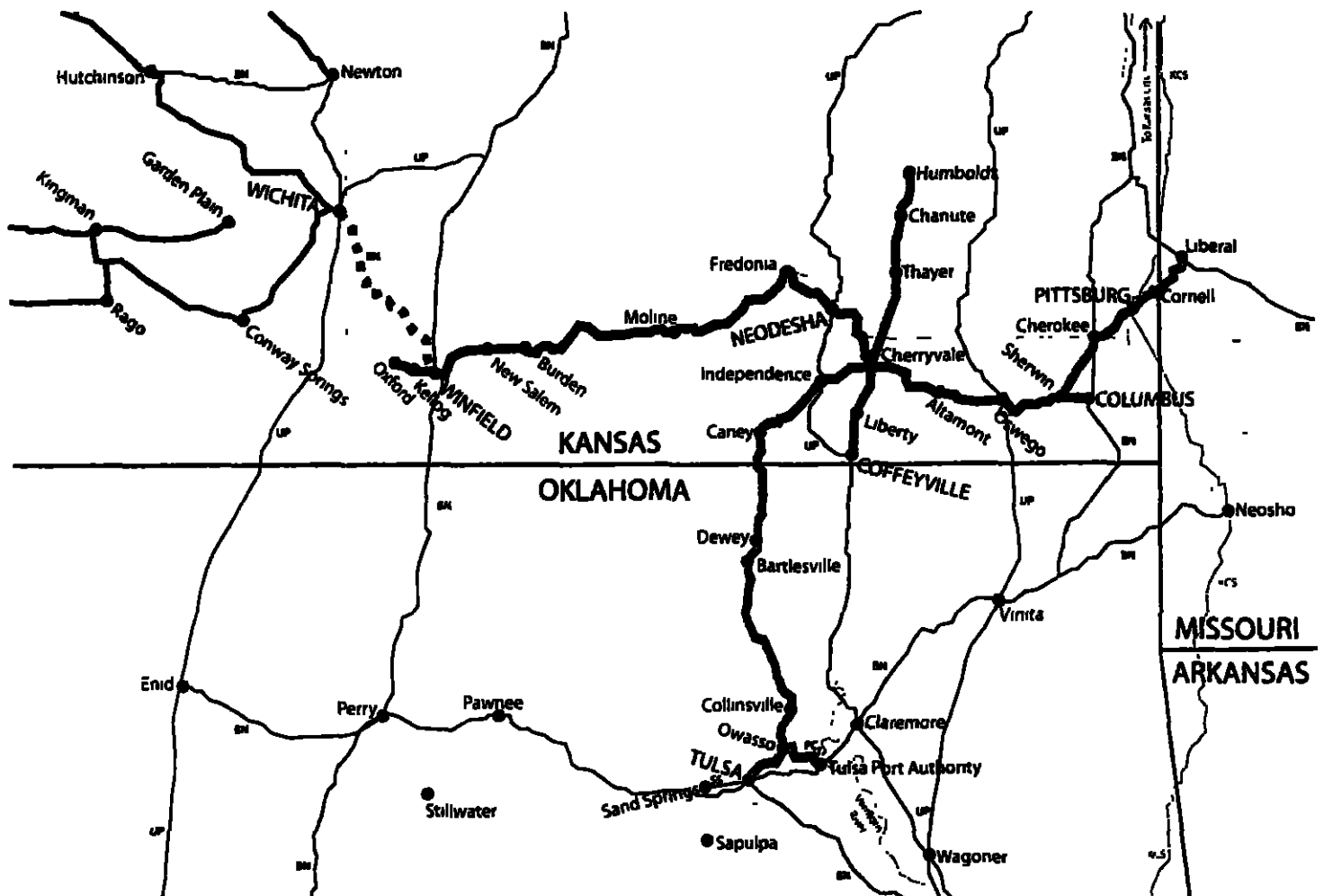

Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 25 day of November, 2008, in the County of Crawford, State of Kansas

My Commission Expires Feb 12 2009


Notary Public

EXHIBIT 1



LEGEND:

South Kansas & Oklahoma RR (SKOR)

South Kansas & Oklahoma Trackage Rights

Kansas & Oklahoma RR (KOR)

Stillwater Central RR (SWC)

Stillwater Central Trackage Rights

Sand Springs RR (SS)

Tulsa's Port of Catoosa (PC)



Interchanges

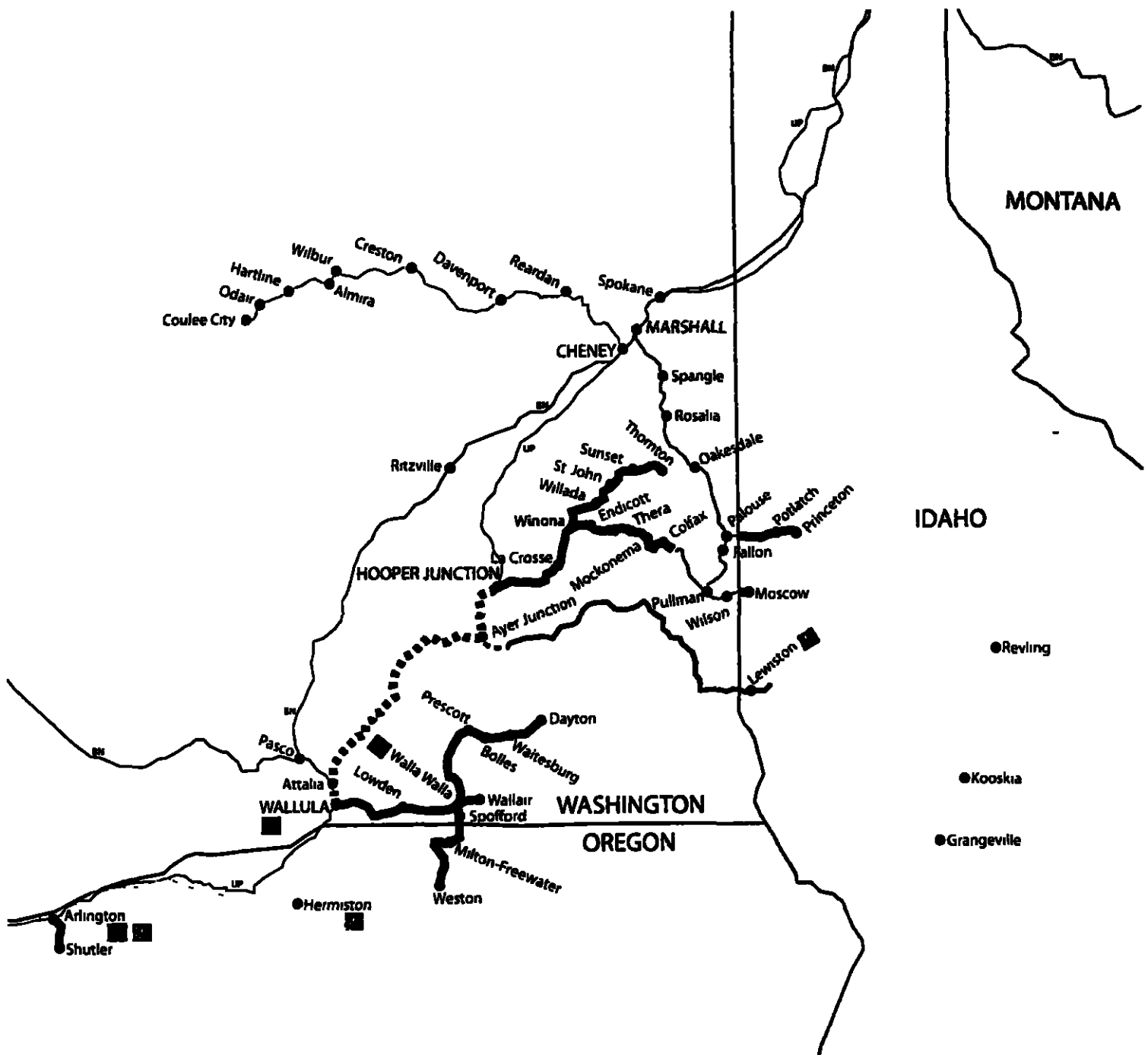
UP - Coffeyville, Winfield, Tulsa, Neodesha

BNSF - Winfield, Tulsa, Columbus

KCS - Pittsburg

KO - Wichita

SS - Tulsa



LEGEND:

Palouse River & Coulee City RR (PCC)

Palouse River & Coulee City Trackage Rights

Great Northwest RR

Great Northwest RR Trackage Rights

Washington and Idaho Railway

Eastern Washington Gateway RR

BG & CM Railroad

Interchanges

BNSF - Wallula

UP - Hooper Junction

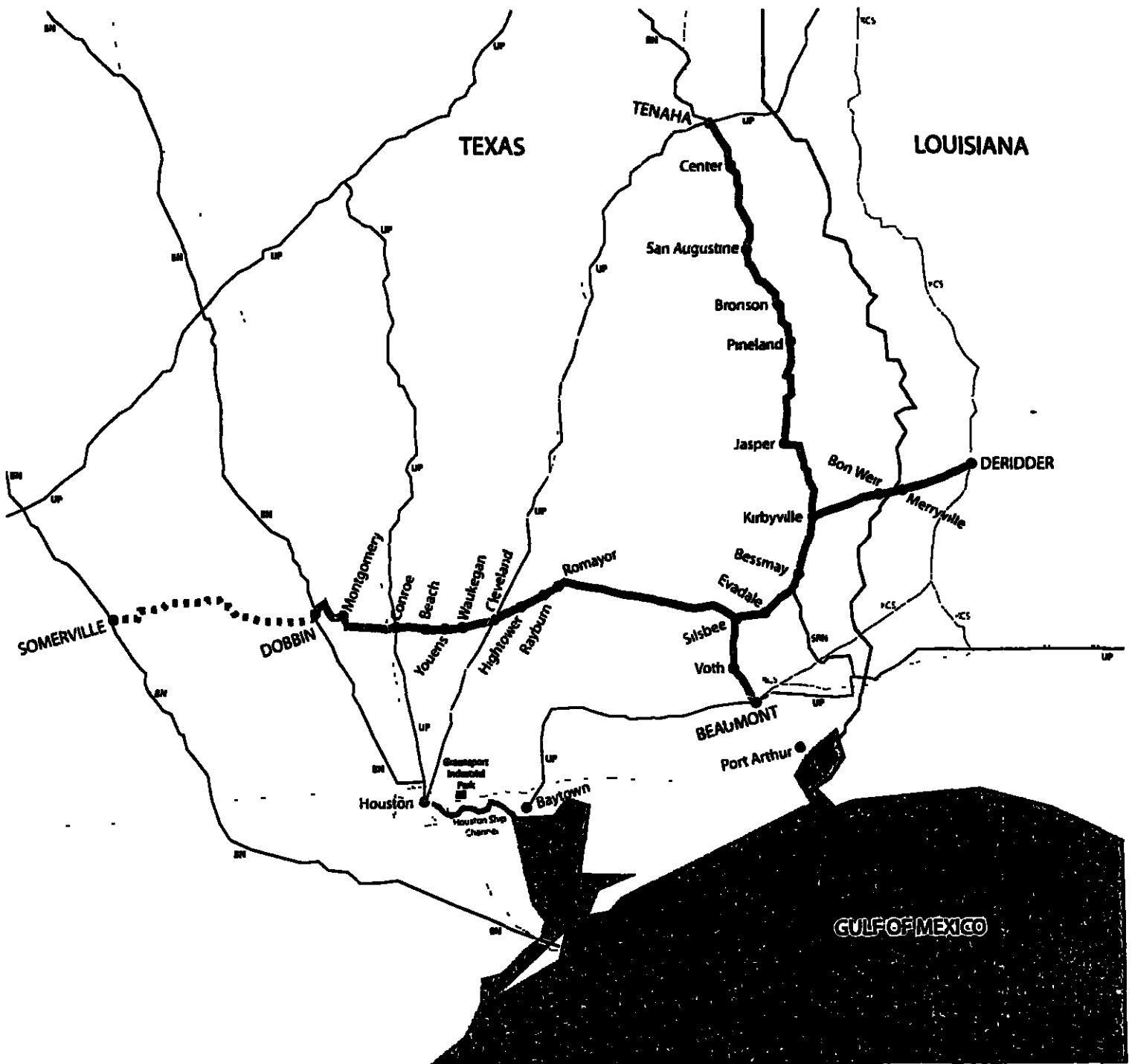
- Wallula

Track Miles -

■ Mechanical Shop

■ Locomotive Shop

■ Switching Services



LEGEND:

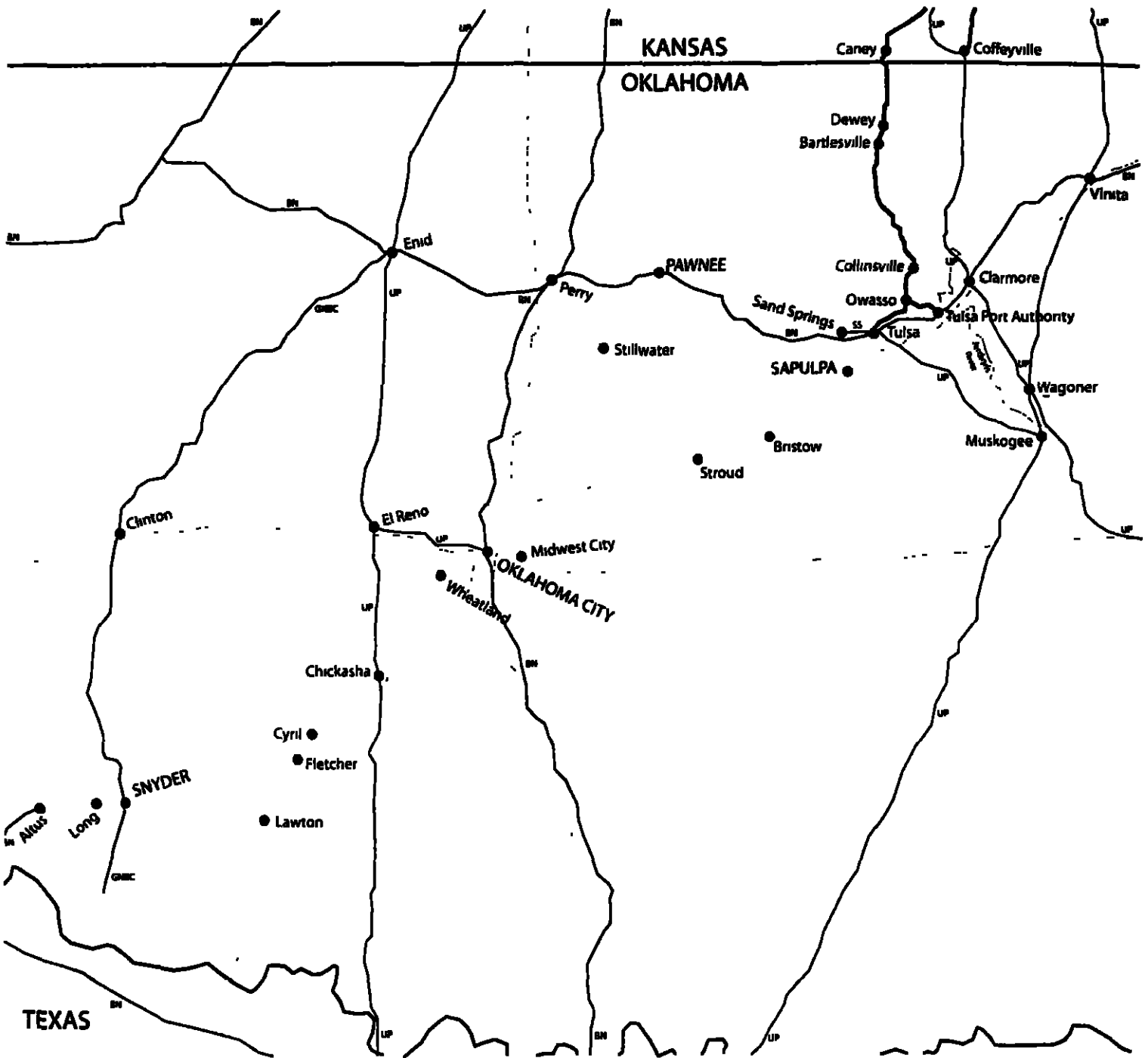
Timber Rock RR (TRR)

Timber Rock Trackage Rights

Interchanges

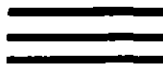
BNSF - Tenaha, Beaumont, Somerville, Dobbin

KCS - DeRidder



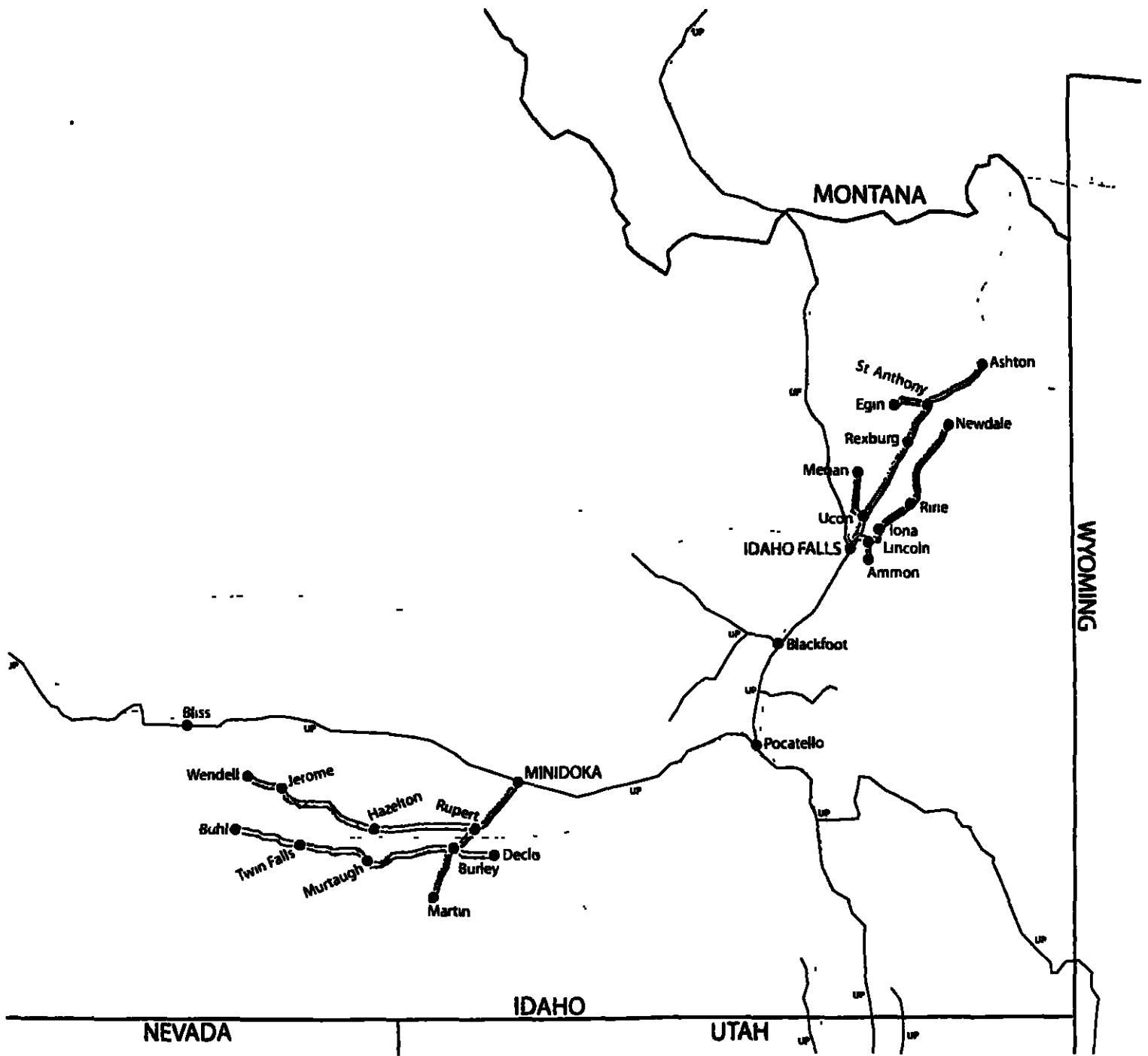
LEGEND:

Stillwater Central Railroad (SLWC)
 Stillwater Central Trackage Rights
 South Kansas & Oklahoma RR (SKOL)
 Sand Springs RR (SS)
 Grainbelt Corporation (GNBC)



Interchanges

BNSF - Oklahoma City, Sapulpa, Snyder
 GNBC - Snyder
 SKOL - Tulsa
 UP - Oklahoma City
 - 227.8 miles
 BNSF - Pawnee
 - 23.6 miles



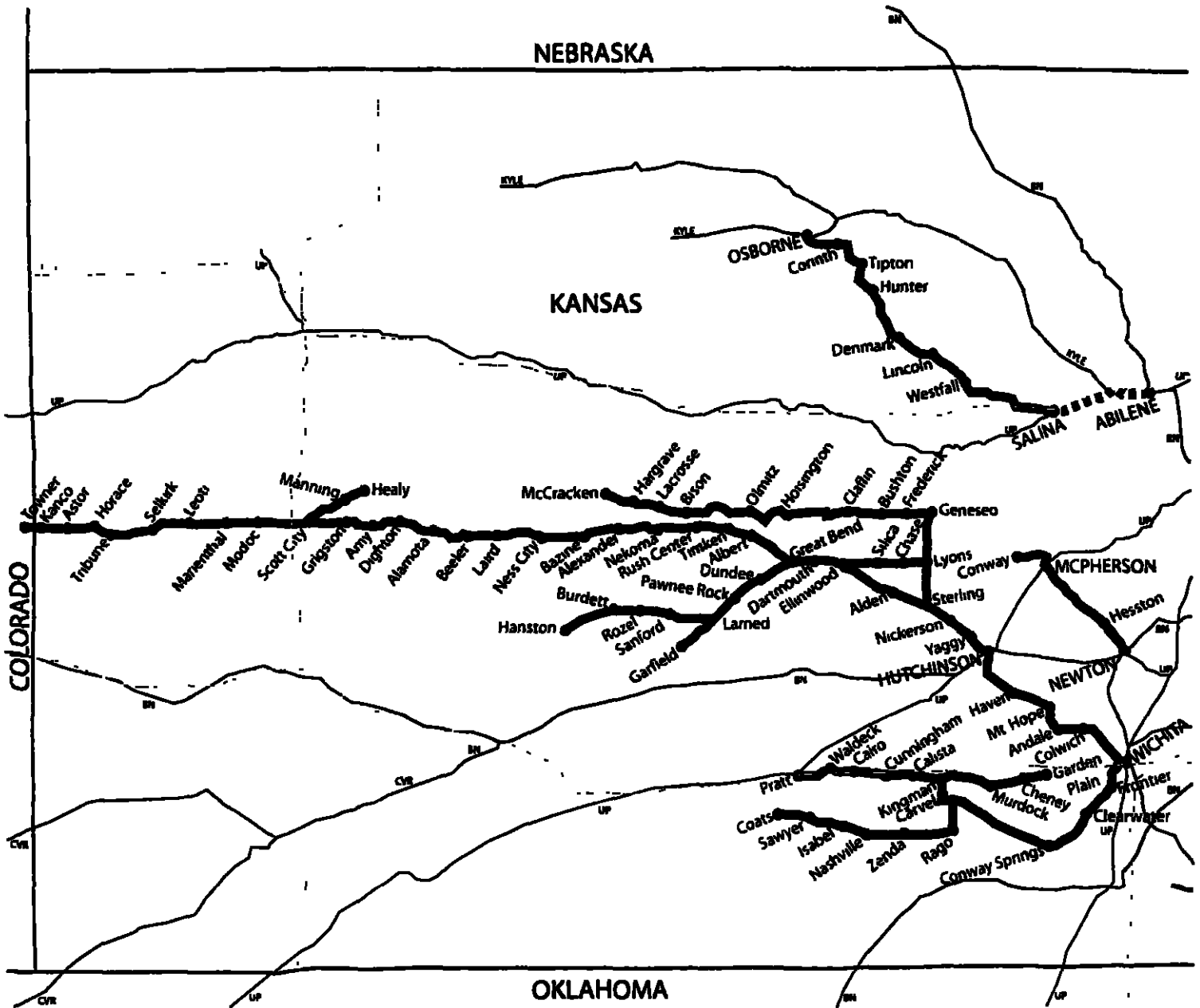
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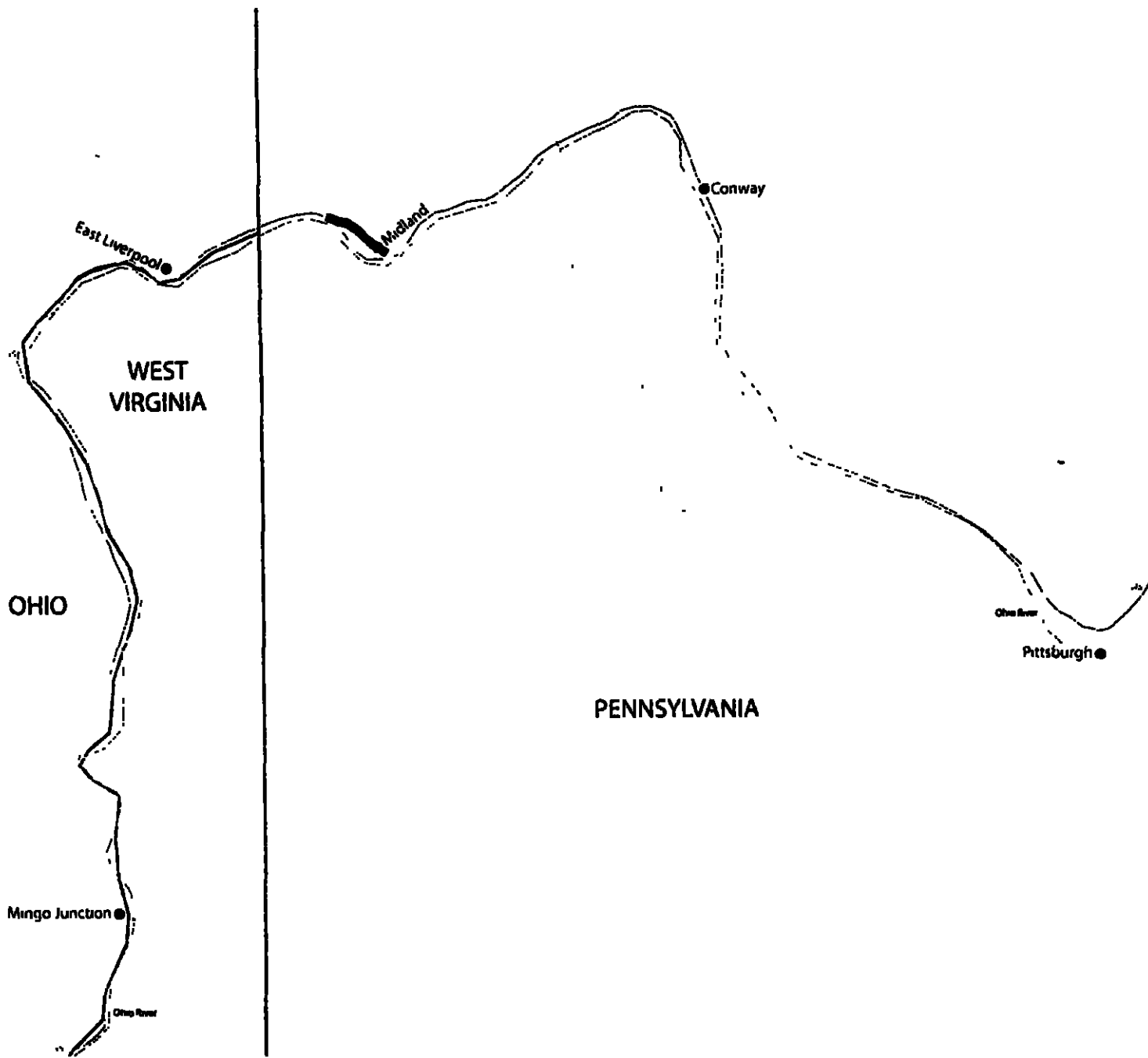
Eastern Idaho RR (EIRR)



Interchanges

UP - Minidoka, Idaho Falls



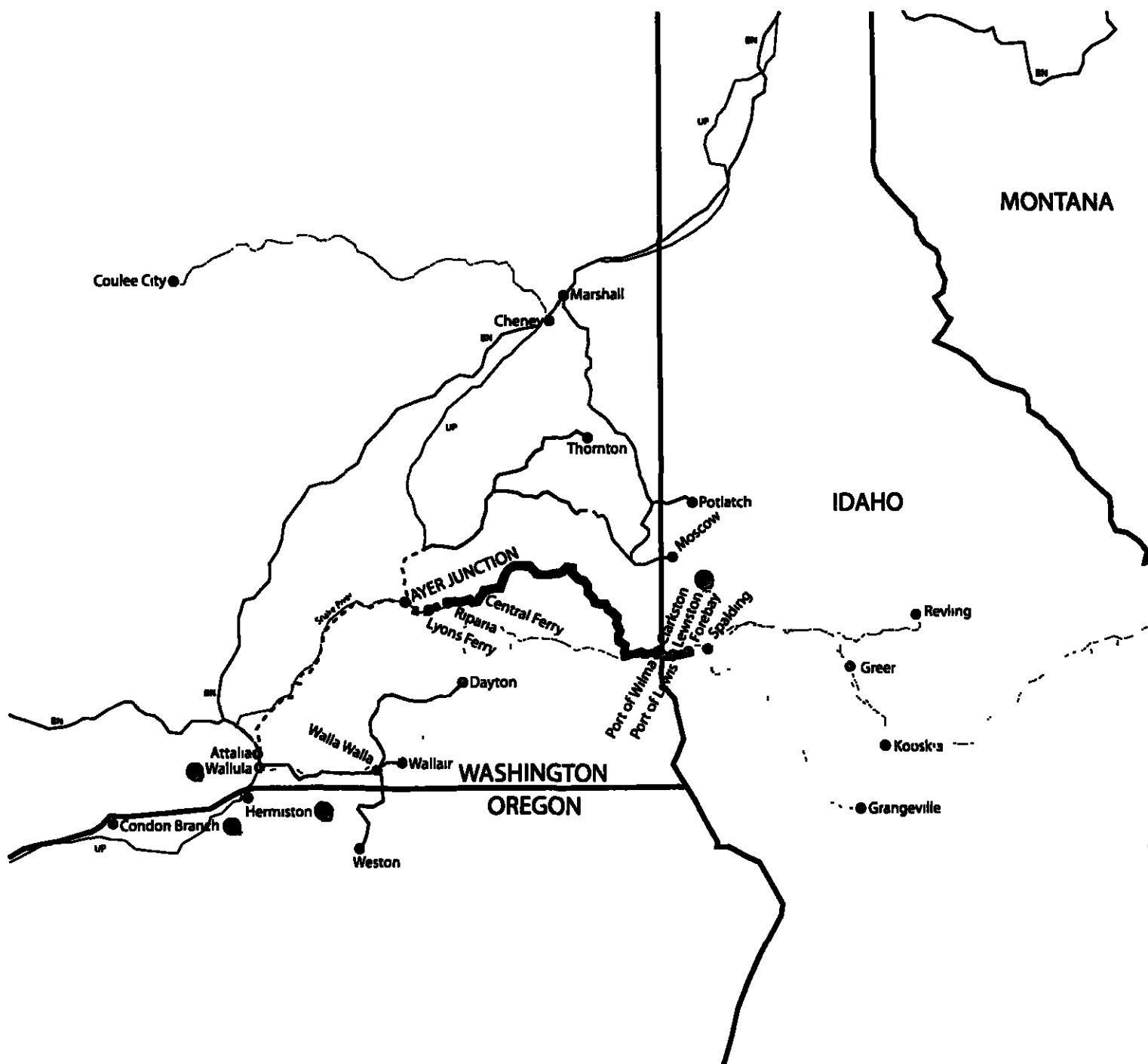


LEGEND

Pennsylvania Southwestern RR (PSWA)

Interchanges

NS - Midland



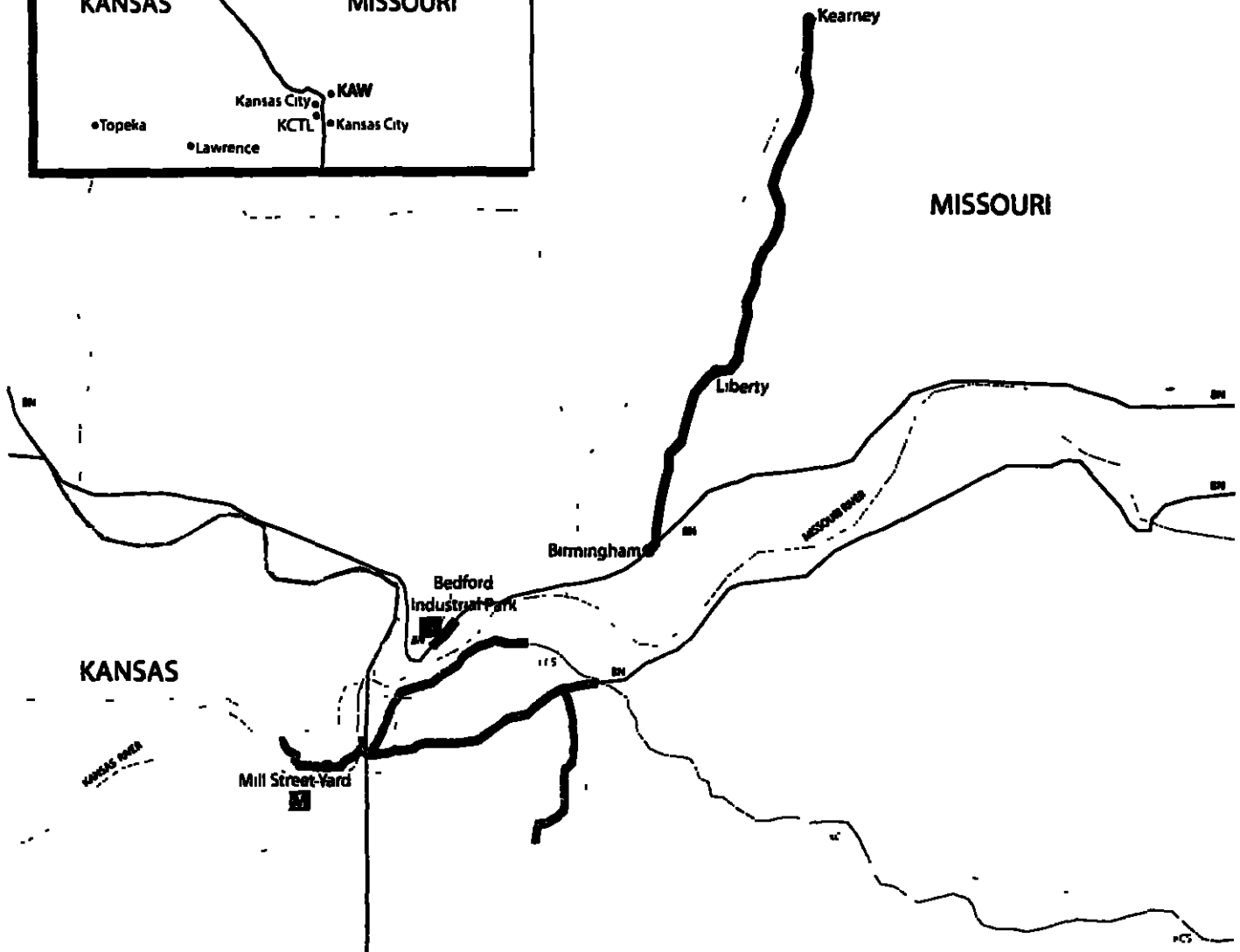
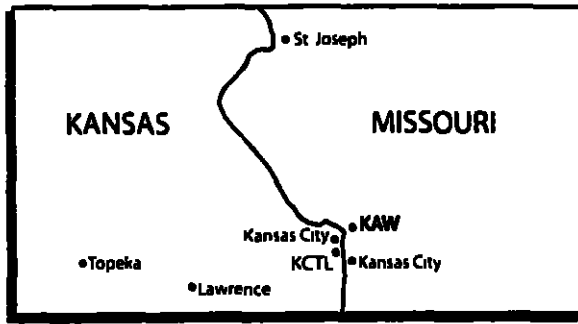
LEGEND:

- Great Northwest RR (GNW)
- Great Northwest Trackage Rights
- Palouse River & Coulee City RR (PCC)
- Palouse River & Coulee City Trackage Rights
- BG & CM Railroad
- Eastern Washington Gateway RR
- Washington and Idaho Railway

Interchanges - Track miles 77

UP, BNSF - Ayer

- Mechanical Services
- Switching Services



LEGEND:

KAW River Railroad (KAW) 

Interchanges

BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham MO (Kearney Subdivision)

Track miles - 21

Kansas City Transportation Company LLC (KCTL) 

Interchanges

BNSF - Kansas City, KS

ICE - Kansas City, MO/KS

KCS - Kansas City, MO/KS

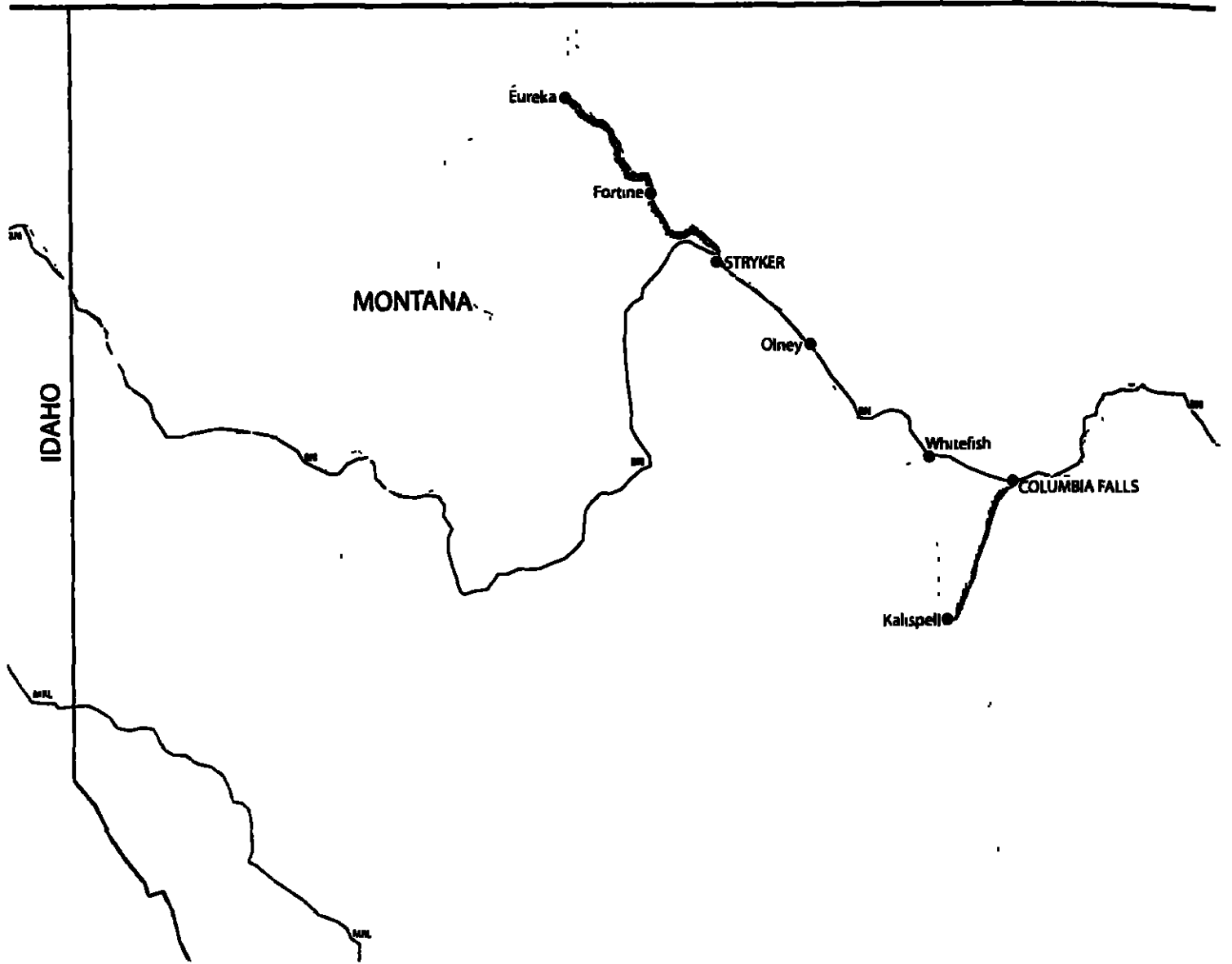
NS - Kansas City, MO

UP - Kansas City, MO/KS

Track miles 32

 Mobile Repair Shop
 Switching Service

CANADA



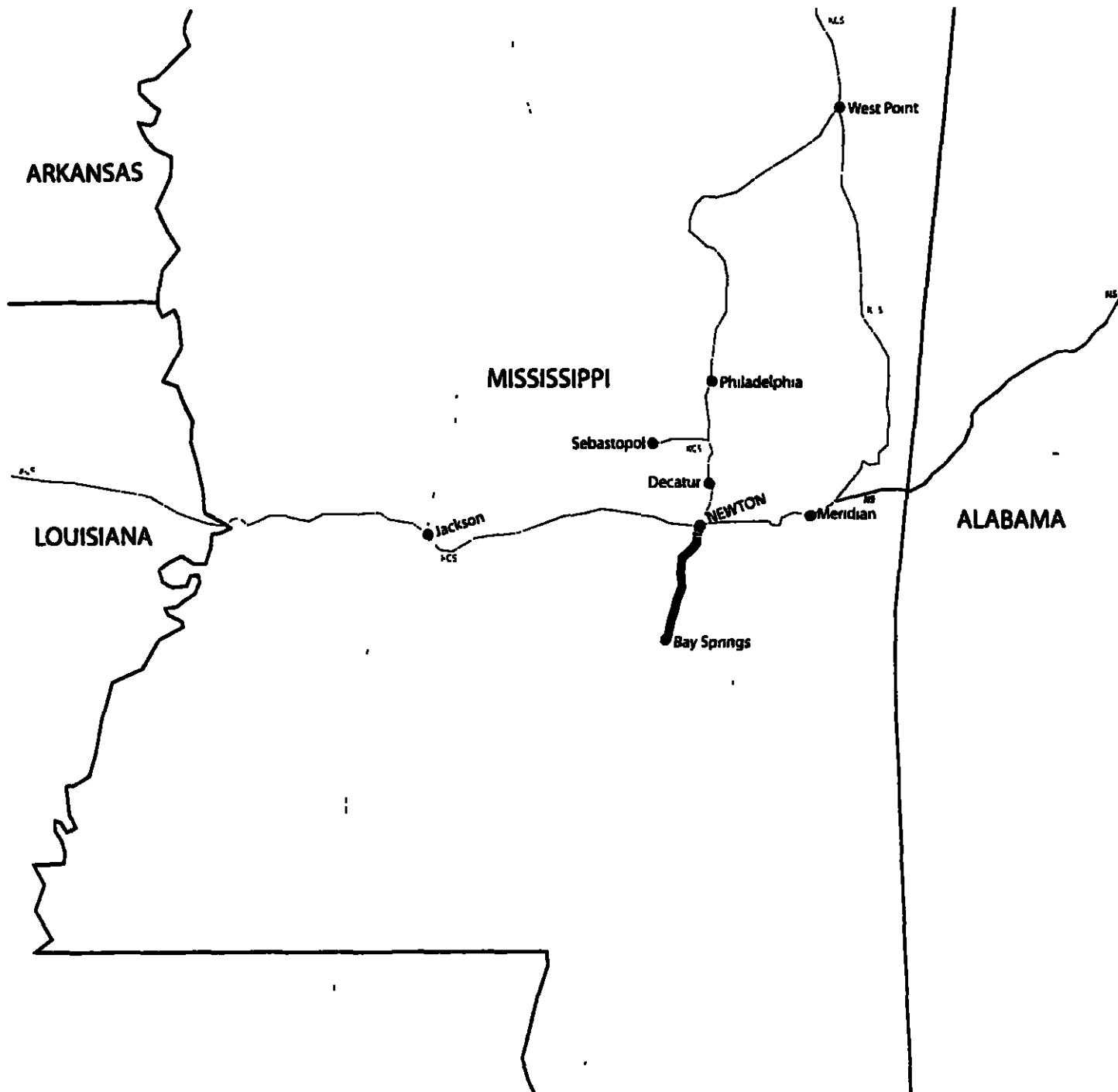
LEGEND:

Mission Mountain Railroad (MMR)

MMR

Interchanges

BNSF - Stryker, Columbia Falls



LEGEND:

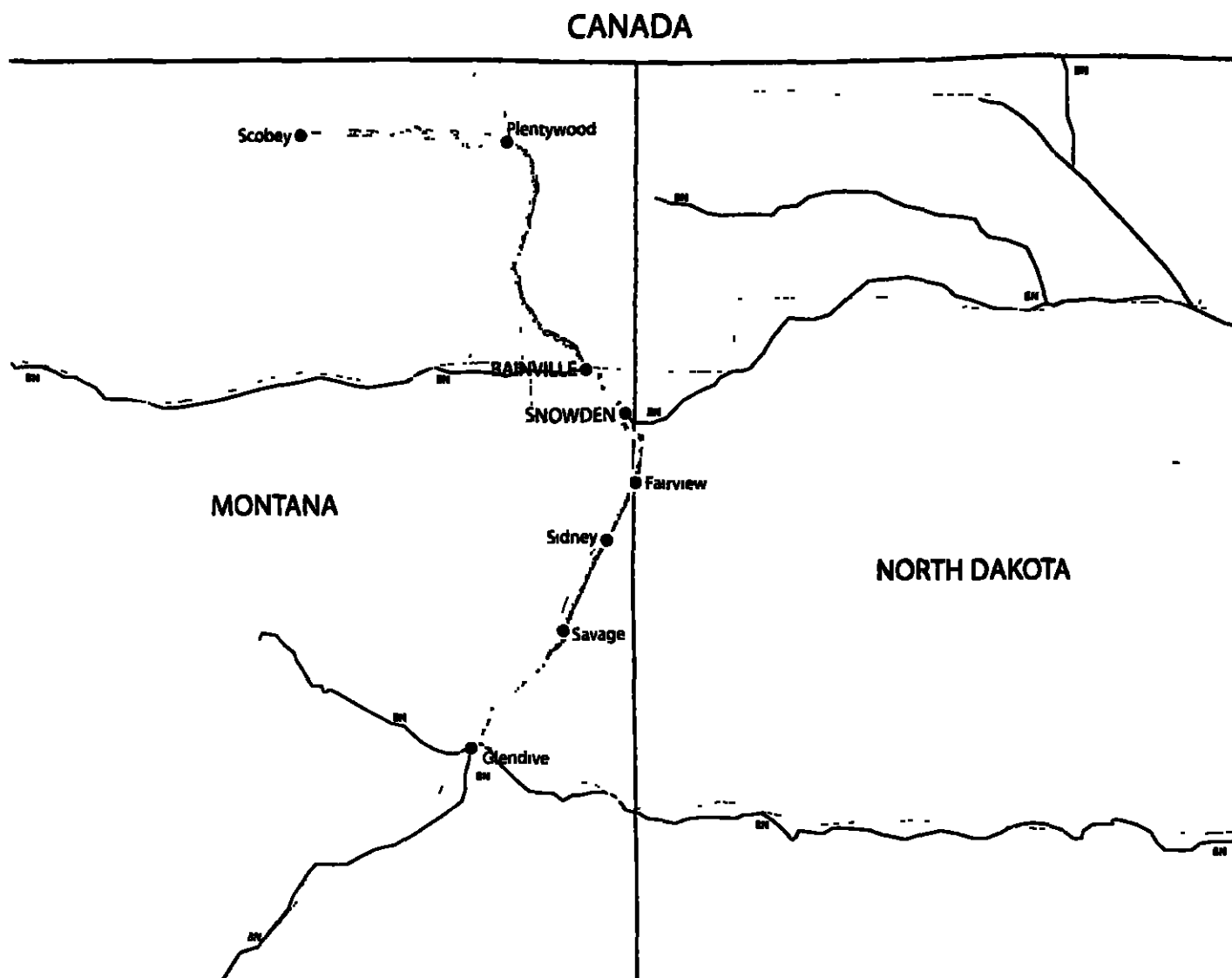
Mississippi Southern RR (MSR)

Mississippi Southern RR Trackage Rights



Interchanges

KCS - Newton



CANADA

Scobey • — — — — — Plentywood

BAINVILLE •

SNOWDEN •

Fairview •

Sidney •

Savage •

Glendive •

MONTANA

NORTH DAKOTA

LEGEND:

Yellowstone Valley RR (YSVR) — — — — —

Yellowstone Valley Trackage Rights — — — — —

Interchanges

BN - Snowden, Bainville

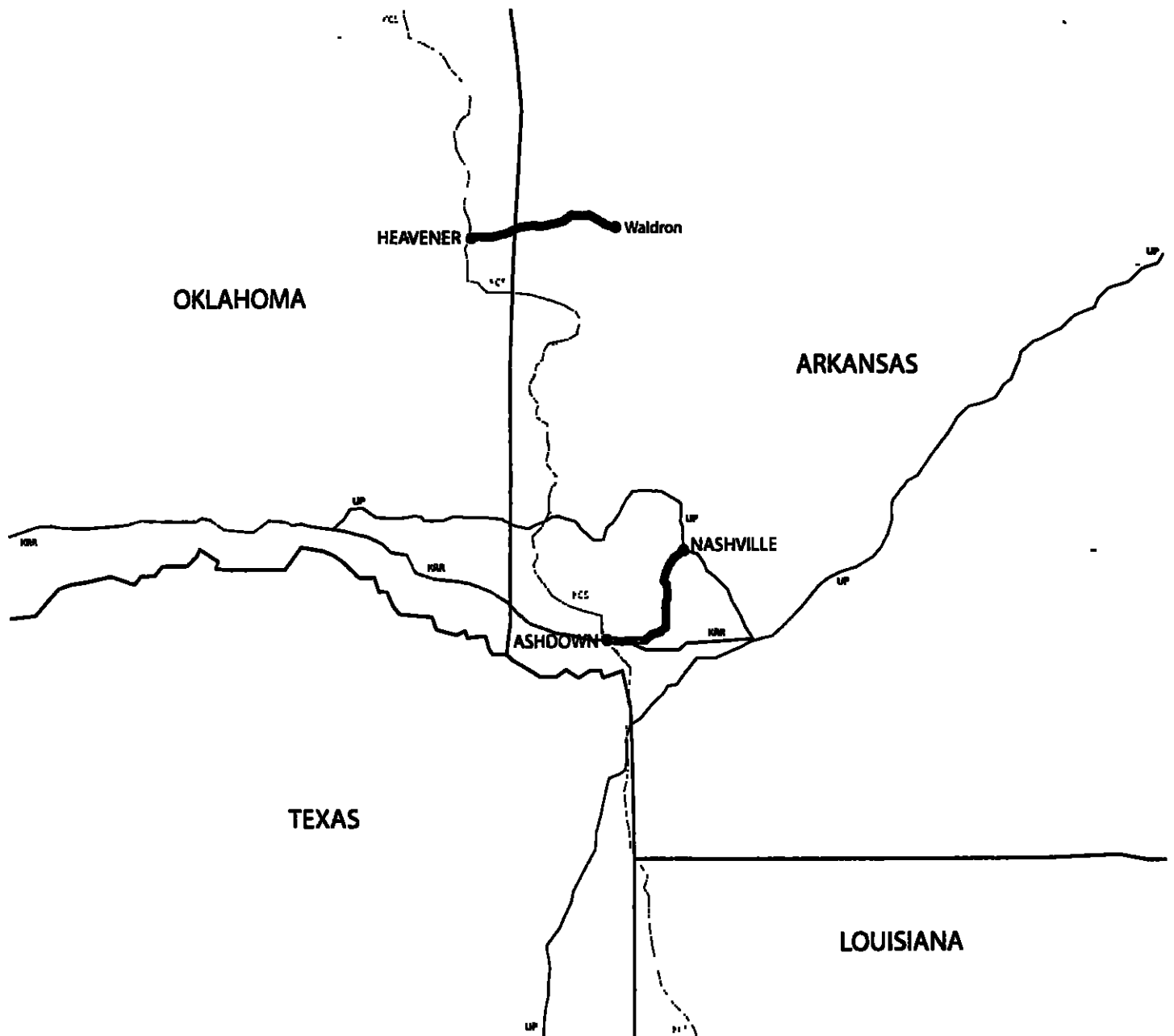


LEGEND:

Louisiana Southern RR (LAS)

Interchanges

KCS - Gibsland, Sibley, Pineville



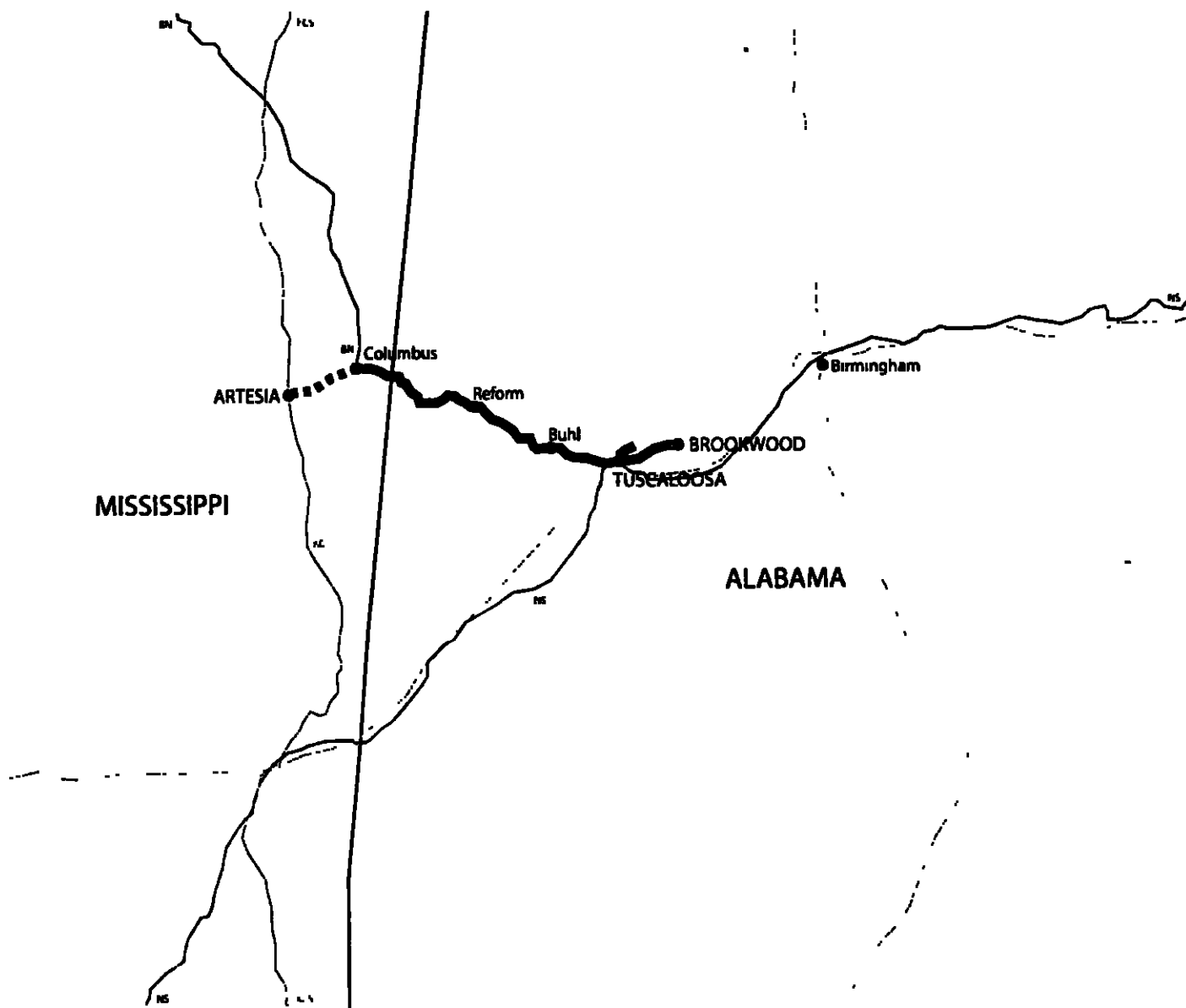
LEGEND:

Arkansas Southern RR ARS: 


Interchanges


OKCS - Ashdown, Heavener

UP - Nashville



LEGEND:

Alabama Southern RR (ASR) 

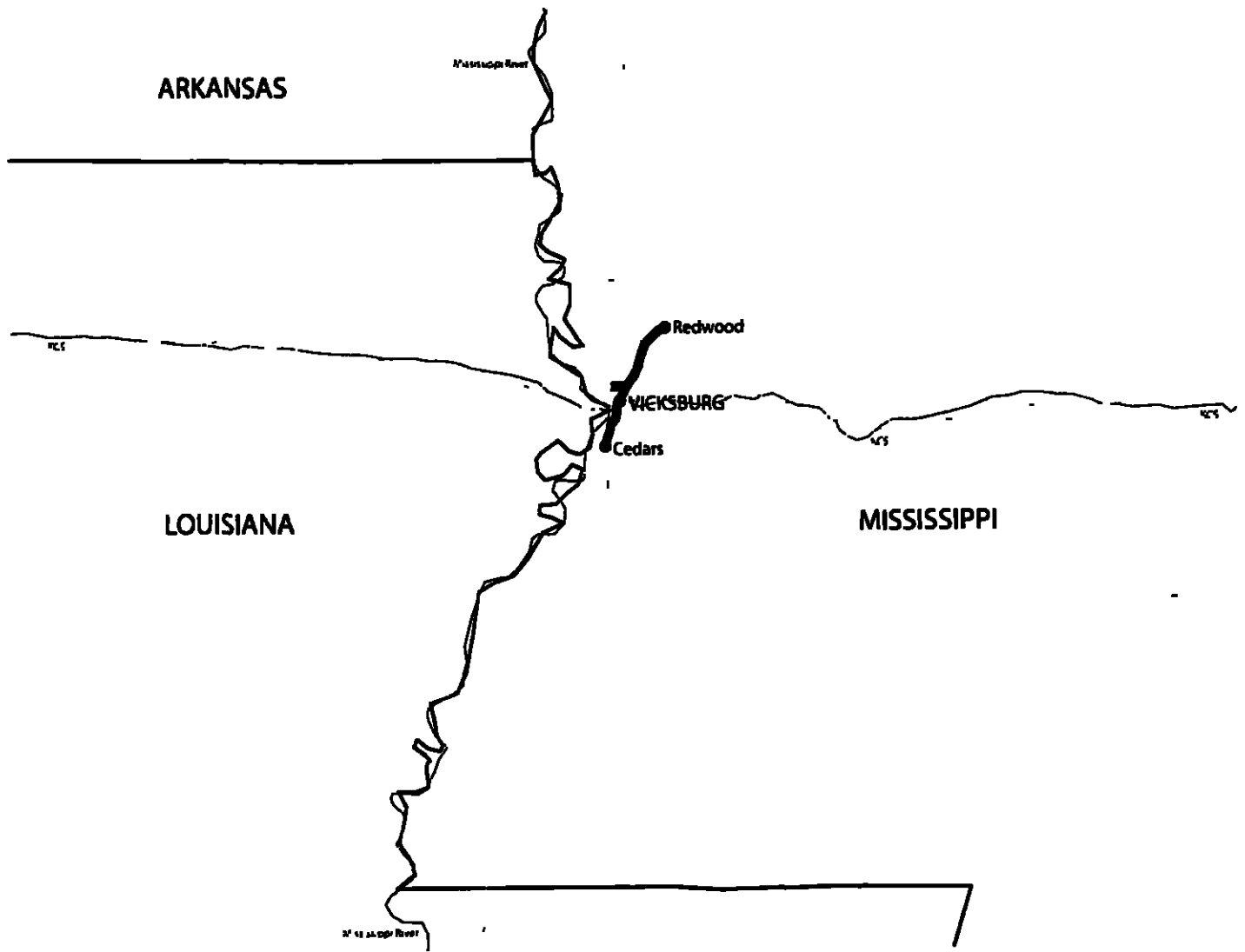
Alabama Southern Trackage Rights 

Interchanges

KCS - Artesia

- Brookwood

NS - Tuscaloosa

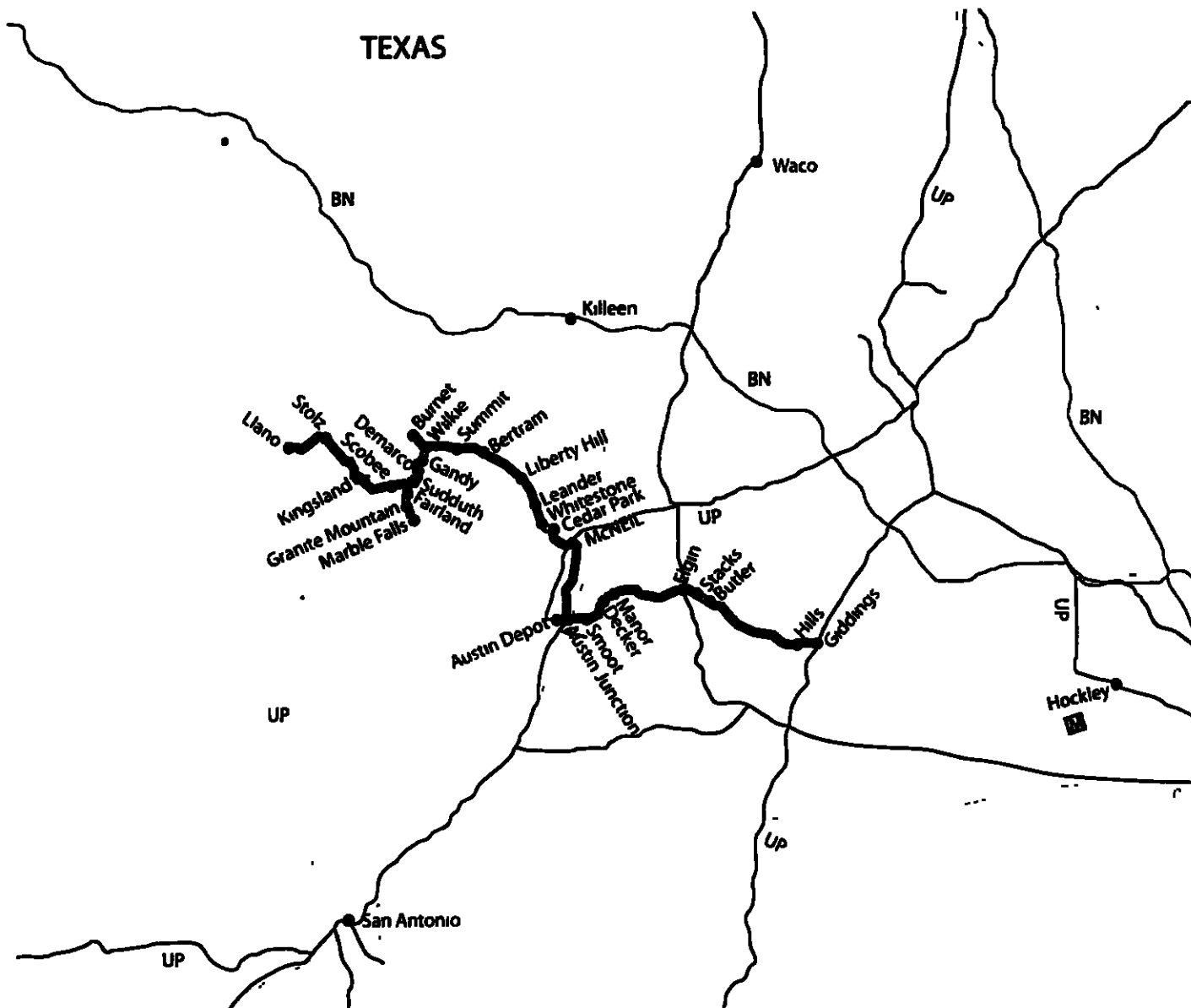


LEGEND:

Vicksburg Southern RR (VSO)

Interchanges

KCS - Vicksburg



LEGEND:

Austin Western RR AWRR

Interchanges

UP - McNeil

BNSF - McNeil

154 miles



Mechanical Shop



Switching Services



Locomotive Shop

804

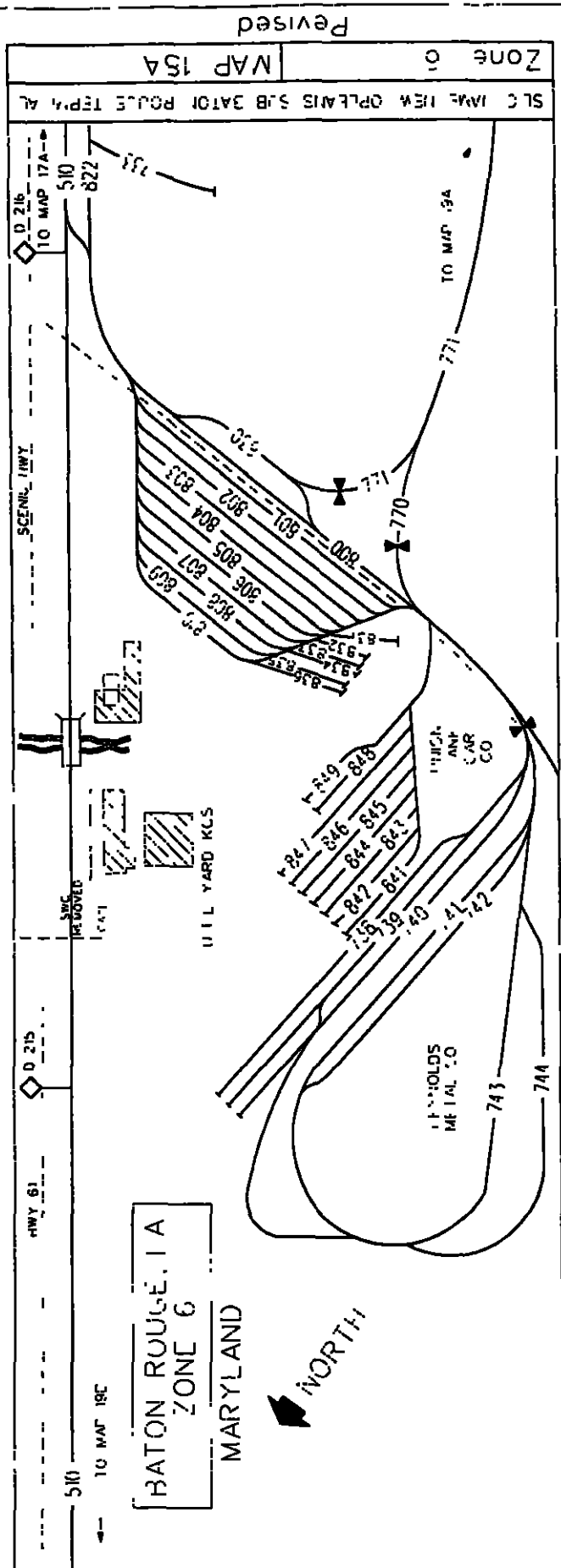
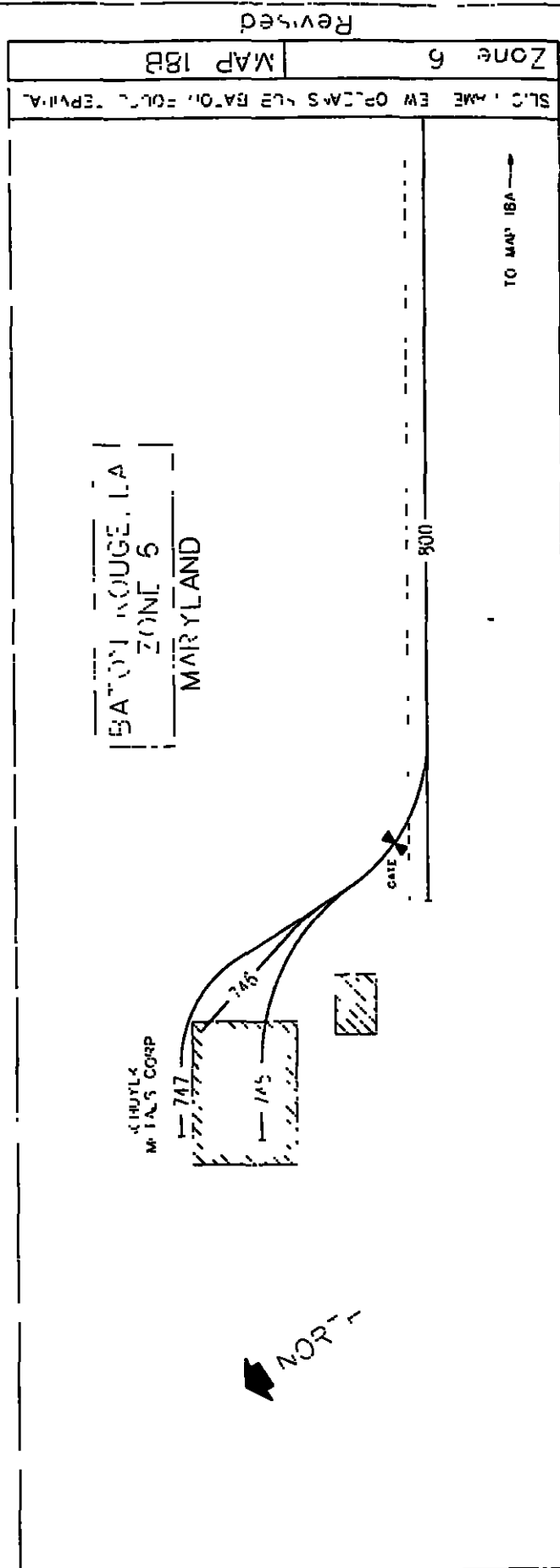
81

Springfield Road

Brooklyn Drive

Scenic Highway

Baton Rouge Southern
Railroad



San Diego County
Rail Lines

